

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION  
HEARING OF JANUARY 15, 2003**

**REGULAR MEETING**

**9:00 A.M.**

**JANUARY 15, 2003**

**PRESENT:**

<b>COMMISSIONERS:</b>	<b>Gerald W. Smith, Chairman Jim Bagley, Vice Chairman Paul Biane Bob Colven James V. Curatalo, Alternate</b>	<b>Richard P. Pearson Bill Postmus A. R. "Tony" Sedano, Alternate Diane Williams</b>
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**STAFF:**

**James M. Roddy, Executive Officer  
Kathleen Rollings-McDonald, Deputy Executive Officer  
Clark H. Alsop, Legal Counsel  
Jeffrey Goldfarb, Special Legal Counsel  
Debby Chamberlin, Clerk to the Commission**

**ABSENT:**

**COMMISSIONERS:**

**Dennis Hansberger, Alternate  
Alternate City Member (Vacant)**

**REGULAR SESSION - CALL TO ORDER - 9:04 A.M.**

Chairman Smith calls the regular session of the Local Agency Formation Commission to order.  
Commissioner Williams leads the flag salute.

Chairman Smith requests those present who are involved with any of the changes of organization to be considered today by the Commission and have made a contribution of more than \$250 within the past twelve months to any member of the Commission to come forward and state for the record their name, the member to whom the contribution has been made, and the matter of consideration with which they are involved.  
There are none.

**SWEARING IN OF NEW REGULAR BOARD OF SUPERVISORS MEMBER OF THE COMMISSION**

Debby Chamberlin, Clerk to the Commission, administers the Oath of Allegiance to Regular Board of Supervisors Member Paul Biane, who is filling the unexpired term of office of Jon Mikels, which expires May of 2005.

(It is noted that Commissioner Postmus arrives at 9:07 a.m.)

**APPROVAL OF MINUTES FOR REGULAR MEETING OF NOVEMBER 20, 2002**

Chairman Smith calls for any corrections, additions, or deletions to the minutes. There are none.  
Commissioner Colven moves approval of the minutes as presented, seconded by Commissioner Pearson.  
Chairman Smith calls for a voice vote on the motion and it is as follows: Ayes: Bagley, Biane, Colven, Pearson, Postmus, Smith, Williams. Noes: None. Abstain: None. Absent: None.

**CONSENT ITEMS**

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LAFCO considers the items listed under its consent calendar. Chairman Smith states that the consent calendar consists of approval of the Executive Officer's Expense Report and one service contract proposal. Visa Justifications have been prepared for the Executive Officer's Expense Report and a copy of each is on file in the LAFCO office and is made a part of the record by reference herein. A staff report for the service contract proposal has been prepared and a copy is on file in the LAFCO office and is made a part of the record by reference herein. This proposal has been advertised in The Sun, a newspaper of general circulation.

The service contract proposal is summarized as:

Consideration of: (1) CEQA Statutory Exemption for LAFCO SC#192; and (2) LAFCO SC#192 - City of Upland Sewer Service Agreement

The staff recommendation is that the Commission approve the Executive Officer's Expense Report and take the following actions for the service contract: (1) determine that SC#192 is statutorily exempt from environmental review and direct the Clerk to file a Notice of Exemption within five working days; (2) approve SC#192 authorizing the City of Upland to extend sewer services outside its boundaries to serve APN No. 0200-113-21; and (3) adopt LAFCO Resolution No. 2764 setting forth the Commission's findings, determinations, and approval of the contract.

Chairman Smith asks whether there is anyone present wishing to discuss either of the consent calendar items. There is no one.

Commissioner Bagley moves approval of the consent calendar, seconded by Commissioner Pearson. Chairman Smith calls for any objections to the motion. There being none, the voice vote on the motion is as follows: Ayes: Bagley, Biane, Colven, Pearson, Postmus, Smith, Williams. Noes: None. Abstain: None. Absent: None.

**DISCUSSION ITEMS**

**PRESENTATION OF RESOLUTIONS OF APPRECIATION TO JON MIKELS AND DAVID ESHLEMAN**

Chairman Smith presents resolutions of appreciation to Jon Mikels, out-going Regular Board of Supervisors Member, and David Eshleman, out-going Alternate City Member of the Commission.

**CONFIRMATION OF EXEMPTION FROM GOVERNMENT CODE SECTION 56133 FOR WATER AND SEWER SERVICE FROM CITY OF REDLANDS IN THE DONUT HOLE AREA - APPROVE STAFF RECOMMENDATION**

LAFCO conducts a public hearing to consider confirmation of an exemption from Government Code Section 56133 for water and sewer services from the City of Redlands in the Donut Hole area. Notice of this hearing was advertised as required by law through publication in The Sun and Redlands Daily Facts, newspapers of general circulation in the area, and individual notification was provided to affected and interested agencies, County departments, and those individuals wishing mailed notice.

Commissioners Postmus and Biane announce that they will abstain on this item and they leave the hearing at 9:13 a.m.

Executive Officer James Roddy presents the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by its reference herein. Mr. Roddy says that a few months ago the City of Redlands (hereinafter referred to as "the City") agreed to provide water and sewer services to a portion of the

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area commonly known as the "Donut Hole". He says the question before the Commission today is whether the City needed to request LAFCO review and approval to provide those services outside its corporate boundaries. He points out the Donut Hole area on the map, indicating it is not within the City's sphere, even though it is totally surrounded by City boundaries. He explains that Government Code Section 56133, which took effect on January 1, 1994, provides in part that "A city or district may provide new or extended services by contract or agreement outside its jurisdictional boundaries only if it first requests and receives written approval from the commission in the affected county." He discusses exemptions to this law and says one important exemption is that if new or extended services were available and extended prior to January 1, 2001 (previous law indicated January 1, 1994), then the agency in question does not need to request LAFCO approval to extend its services. He discusses that the problem is that the law does not define "new or extended services" and there is no case law to refer to for what constitutes new or extended service. He says the Commission must evaluate the argument submitted by the City that water and sewer services were extended and available in this area prior to 1994. He says the Commission also must evaluate whether numerous factors, including the existing water and sewer service and transmission lines in the Donut Hole constituted a preexisting service extension, making the provision of water and sewer services to the Donut Hole exempt from the requirements of Government Code Section 56133. He notes that some people will argue that even though water and sewer lines preexisted enactment of the statute, services were not actually extended or connected to many properties in the Donut Hole area, although Mr. Roddy says many were.

Mr. Roddy says he will focus on the policy issues which led to staff recommendation and that Jeffrey Goldfarb, Special Legal Counsel, will expand on the legal issues. Mr. Goldfarb is representing the Commission on this item as Legal Counsel Clark Alsop's law firm of Best Best & Krieger is Special Counsel to the City on unrelated matters. Mr. Roddy displays a map of the Donut Hole area, which he says shows water and sewer lines that have been running through the area for decades and can be tapped into to provide those services to the Citrus Plaza project area, as well as the rest of the 1,100 acre island area. He points out that the City has demonstrated the ability to serve, and has served many properties in the Donut Hole area for a long time and expended millions of dollars in infrastructure improvements and related services in this area, as outlined in a letter from the City Attorney, a copy of which is attached to the staff report. He says the City and landowner have agreed this is preexisting service and should be exempt from LAFCO review pursuant to Section 56133. He says since there is no case law to corroborate this, the Commission must make a judgment call; but he says it seems to staff, when there is a "gray" area in the law, they should look at the purpose for the legislation. He says staff believes that Section 56133 was enacted to give LAFCOs another tool to discourage "leapfrog" development and urban sprawl and to promote efficiency of service and infill development. He discusses that this exemption promotes infill development because it allows the extension of services from the most logical source; that it is not "leapfrog" development because the water and sewer lines are already there and capable of serving the area; and that the Commission is on record indicating that the most logical, efficient, orderly and economical source of service for this area has been and will be from the City of Redlands. Mr. Roddy notes that the Commission is aware of the decade of discord between the City and the landowners in this area; and he says the landowners have pursued other alternatives for service, as indicated in the letter from John Mirau, representing the United Donut Hole Owners Property Association (UDHOPA), a copy of which is attached to the staff report. He says an evaluation of the long-term expense and inefficiency of the alternative approach led the City and landowners to engage in positive and productive dialogues which have led to this agreement between them, and he says staff believes that positive dialogue should be promoted and endorsed by the Commission.

Mr. Roddy says there are three options for the Commission to consider today. First, he says the Commission could indicate to the City that each and every connection should be brought to the Commission for review and approval. He notes that would require that the area be placed back into the City's sphere to allow the extension of services, and says that would probably lead the landowners to renew efforts to put in a private water and sewer system. He says the second option is to allow an exemption just for the 125-acre Citrus Plaza project area. He says the third option, which is the staff recommendation, is to concur that an exemption for the entire 1,100 acre Donut Hole area is appropriate under Section 56133. He says staff believes the City has made a good case in establishing historic service extension and its capability to serve

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the area. He says if the rationale for an exemption is valid for the Citrus Plaza site, staff feels it is equally valid for the balance of the Donut Hole area.

Mr. Roddy discusses that the Commission is faced with a unique situation because of the law enacted which allowed the removal of the Donut Hole area from the City's sphere. He says that the unique conditions and local circumstances related to this area, along with the history of discord between the City and landowners, justifies the staff recommendation that the Commission: (1) confirm that the provision of water and sewer services from the City of Redlands in the Donut Hole area is exempt from the requirements of Government Code Section 56133, on the basis that the provision and availability of those services preexisted enactment of that section; (2) determine that the City shall indemnify, defend and hold harmless the Commission from any legal expense, legal action, or judgment arising out of the Commission's action on this matter; and (3) adopt LAFCO Resolution No. 2765 setting forth the Commission's findings and determinations on this issue. Mr. Roddy states that Mr. Goldfarb will now expand on the legal issues.

Mr. Goldfarb discusses that although the statute does not define "new or extended services" and there are no cases that define them, it seems to him that the statute distinguishes between "new" and "extended" services. He says "new" service probably does not refer to every new hookup in a geographic area, but a new type of service not previously provided in the area outside the service provider's jurisdictional boundary. He says "extended" service probably means the extension of services into an area that previously may have had some of the same type of service, but is now significantly extending that service in terms of degree. Mr. Goldfarb states that subsection (e) of Section 56133 says that "This section does not apply to an extended service that a city or district was providing on or before January 1, 2001." He says the question today is whether the water and sewer services proposed to be provided are "extended" services that were provided on or before January 1, 2002 (Mr. Goldfarb later indicated he meant January 1, 2001). He says the best that he and staff can tell, water and sewer services were previously extended to the Donut Hole and provided before January 1, 2001, and, therefore, arguably fit within the exemption in subsection (e); and no further LAFCO approval is necessary for actual hookups to be made. He points out again that there is no case law that interprets this section, nor is there any case law that interprets it with regard to the unique circumstances before this Commission, given the special legislation related to the Donut Hole.

In response to inquiry of Commissioner Sedano, Mr. Goldfarb says he agrees with staff recommendation that a good argument could be made that the City's provision of services in this area falls within the exemption in Section 56133(e) and that no further LAFCO approval is necessary for hookups. He says he agrees that the policy argument suggested by Mr. Roddy is supported by the policy created by the Legislature in creating the act.

Commissioner Colven asks whether any infrastructure displayed on the map within the 1,100 acre Donut Hole area was utilized and, if so, whether the City derived any revenue. Mr. Goldfarb responds that his understanding is that infrastructure has been utilized to provide water and sewer services to some properties in the Donut Hole area. He adds that he assumes there were charges for services, but says he is not sure. Chairman Smith comments that often when infrastructure is put in there is a pay back when people hook up down the line and he asks whether that has happened. Mr. Goldfarb responds that he does not know.

Commissioner Curatalo asks whether making an exemption for water and sewer services in this area provides an exemption for other services in the future. Mr. Goldfarb responds "no", saying that it seems to him there would be an independent analysis of every service to determine whether it is a "new" service or an "extended" service provided before January 1, 2001.

Commissioner Bagley comments that he would like to be done with this. He says they have been talking about a strange, obscure interpretation of legislation to provide water and services without annexation to the City and he asks whether other services that may follow will be coming back to the Commission in the future. Mr. Roddy responds that his speculation is that the dialogue and cooperation emerging through this process between the City and Majestic (the landowner) will ultimately lead to annexation by the City for the full range of its services to this area. He says there is no commitment to a timetable for this, but says he

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thinks annexation will eventually occur. Commissioner Bagley states this is a "circuitous" route to what ultimately should be an annexation to the City and says that they "have something from something, which is better than nothing from nothing."

Chairman Smith opens the hearing and calls on those wishing to speak.

Jerry Biggs of the Redlands Association, presents to the Clerk a copy of his verbal presentation and a letter dated January 15, 2003, from John McClendon of Van Blarcom, Leibold, McClendon & Mann regarding the application of Government Code Section 56133 to the Donut Hole. A copy of each of these documents is on file in the LAFCO office and made a part of the record by reference herein. Mr. Biggs discusses that this item is an effort to retroactively justify what has already been done--the extension of new water and sewer service to the project, which he says conflicts with Section 56133 as well as the City's Municipal Code and General Plan. He says the project has just applied for a new water meter from the City, which he says is clear evidence that the service is new, not preexisting, making Section 56133 applicable. Mr. Biggs points out that LAFCO's Administrative Guidelines for Out-of-Agency Agreements/Contracts for Service provide that with three exceptions, none of which he says are claimed to apply here, all agencies serving within San Bernardino County are precluded from providing their services outside their boundaries without first receiving written approval from the Commission. He points out that LAFCO's Deputy Executive Officer, in her letter dated September 29, 2000, to the County Land Use Services Department concerning the Citrus Plaza Subsequent Environmental Impact Report, said that if the area is removed from the City's sphere, the City will not be able to extend its municipal services within the area by contract with property owners under the restrictions of Government Code Section 56133. He discusses that the City, the County, and Redlands Joint Venture, the developer of Citrus Plaza, all agreed in their Settlement Agreement dated February 2, 2001, that Section 56133 prevents the City from extending utility services to the Citrus Plaza project. He says Section 7 of that agreement provides that "The City acknowledges and agrees that it has not yet obtained approval pursuant to Government Code Section 56133 to provide public services to the Donut Hole Area and that such approval is required before the City can provide such services to the Donut Hole Area." Mr. Biggs says it is clear that the parties involved in the Citrus Plaza project will advocate whatever is convenient at the moment, without concern as to what their positions have been before or what the legal requirements are. He says the Commission should deny the finding of exemption from the provisions of Government Code Section 56133.

Commissioner Bagley asks Mr. Biggs what he would like to see happen to the Donut Hole. Mr. Biggs responds that the City should follow the law, apply for service in the area, and annex it before service is extended.

Dan McHugh, City Attorney, states that the City Manager, the Director of Community Development, the Municipal Utilities Director, and his Chief of Water Resources are also present. Mr. McHugh says the City and property owners agree with the staff recommendation and that staff has done an excellent job. He says there are no good policy reasons for not having an exemption and recommends that the Commission adopt the draft resolution attached to the staff report.

Commissioner Colven asks Mr. McHugh whether he thinks there is anything being done "outside the law" by following staff recommendation. Mr. McHugh responds "no" and says he explained in his letter attached to the staff report that the City took that position publicly and before the courts because that is the subject of the lawsuit. He says they feel fairly confident this is within the rule for an exemption.

Commissioner Williams asks Mr. McHugh to respond to the earlier question as to whether the City received any revenue for providing service in the area. Mr. McHugh says he believes the City charges the standard water rates in the Donut Hole and a slight surcharge for outside service. Regarding reimbursement for extended services, he says he is not sure the City has any of those types of agreements because that area has only been in the City's sphere and not within City boundaries. He adds that to the extent the City is subject to the Subdivision Map Act and is required to provide reimbursement agreements, the City does so. Commissioner Williams comments that the City, most likely then, has historically received revenue from

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providing the services that are already there. Mr. McHugh states he assumes the City has derived quite a bit of revenue. Gary Phelps, Municipal Utilities Director, states that Mr. McHugh's comments are correct.

Commissioner Bagley notes that in Mr. McHugh's letter, the City has agreed to reimburse the Commission for legal costs. He asks whether it has been determined what those costs may be and says he wants to be sure that it is clear that the City has agreed to this reimbursement of costs. Mr. McHugh says to his knowledge, there has been no determination of what the costs may be. He says the City Council is aware of this indemnification and supports that position.

Commissioner Colven asks whether the City, in providing service, requests property owners to sign an irrevocable annexation agreement. Mr. McHugh states that because the Donut Hole is outside of the City's sphere of influence, a preannexation agreement is not required.

John Mirau, representing Redlands Joint Venture and the UDHOPA, states they agree with staff recommendation. In response to Mr. Biggs' comments, Mr. Mirau says the Commission has the power to decide whether this exemption applies and the fact that someone in the past has stated that they do not think it applies does not have a bearing on this. He says the exemption pretty clearly applies. He says otherwise, LAFCO would be given authority to deny the provision of services, resulting in millions of dollars worth of existing infrastructure going unused and being abandoned. He says that for once, everyone is in agreement.

Commissioner Bagley asks whether there is unanimous agreement by the UDHOPA on this issue. Mr. Mirau responds that the property owners have executed and submitted to the City written consent to this specific provision of services to the Majestic project. He says the Donut Hole owners clearly know what is happening in the area and that the Commission should read something into the fact that none of them are here today in opposition.

Chairman Smith calls for further testimony. There is none and he closes the hearing.

Commissioner Bagley moves approval of staff recommendation, seconded by Commissioner Colven. Chairman Smith calls for a voice vote on the motion and it is as follows: Ayes: Bagley, Colven, Pearson, Smith, Williams. Noes: None. Abstain: Biane and Postmus. Absent: None.

(It is noted that at 9:55 a.m. Commissioners Biane and Postmus return to the hearing and that Clark Alsop returns as LAFCO Legal Counsel.)

**CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO SC#190; AND (2) LAFCO SC#190 - IRREVOCABLE AGREEMENT TO ANNEX NO. 02-007 FOR SEWER SERVICE, CITY OF FONTANA - APPROVE STAFF RECOMMENDATION**

LAFCO conducts a public hearing to consider an application submitted by the City of Fontana (hereinafter referred to as "the City") for the extension of sewer service outside its boundaries to a parcel proposed for development as a contractor/construction services yard with a 600 sq. foot portable training facility. The service contract area is generally located south of Foothill Boulevard (street address 14575 Foothill Boulevard), approximately 400 feet west of Redwood Avenue, in the central sphere of influence of the City. Notice of this hearing was advertised as required by law through publication in The Sun, a newspaper of general circulation in the area; and individual notification was provided to affected and interested agencies, County departments, and those individuals wishing mailed notice.

Deputy Executive Officer Kathleen Rollings-McDonald presents the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by its reference herein. Ms. McDonald states that the County of San Bernardino Land Use Services Department approved a Conditional Use Permit for the

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proposed development and she says that Items #32 and #35 in the Conditions of Approval required connection to the City's sewer system. She notes that the City has provided information, which is outlined in the staff report, related to the costs for the extension. Ms. McDonald reports that staff has reviewed this application against the criteria established by Commission policy and Government Code Section 56133 and that staff supports the City's request. She says the staff recommendation is that the Commission: (1) determine that SC# 190 is statutorily exempt from environmental review and direct the Clerk to file a Notice of Exemption; (2) approve SC#190 authorizing the City of Fontana to extend sewer services outside its boundaries to serve APN #0230-062-42; and (3) adopt LAFCO Resolution No. 2763 setting forth the Commission's findings, determinations and approval of the agreement for service outside the City's boundaries.

Commissioner Biane asks whether this proposal also includes annexation of the property. Ms. McDonald responds that this is not an automatic annexation at this time. She says this is an irrevocable agreement to annex whereby the property owners have agreed they will not oppose the annexation, should the City propose annexation of the area in the future.

Chairman Smith opens the hearing and asks whether anyone wishes to speak on this item.

Cecilia Lopez-Henderson, Senior Administrative Analyst for the City of Fontana, states she is available to answer any questions. She says she would like to take this opportunity to update the Commission on the City's General Plan update and she reports they hope to have the General Plan and environmental impact report approved by the City Council in July, 2003. She says that once that happens, they will plan for the eventual annexation of Foothill Boulevard, which is a companion to the City's street improvement project. She says that at that time, they will look at the previous irrevocable annexation agreements that have been brought before the Commission.

Chairman Smith asks whether there is anyone else wishing to speak on this item. There is no one and he closes the hearing.

Commissioner Pearson moves approval of staff recommendation, seconded by Commissioner Postmus. Chairman Smith calls for any objections to the motion. There being none, the voice vote on the motion is as follows: Ayes: Bagley, Biane, Colven, Pearson, Postmus, Smith, Williams. Noes: None. Abstain: None. Absent: None.

**STATUS REPORT ON SERVICE/SPHERE OF INFLUENCE REVIEWS FOR LAFCO 2900 (WEST VALLEY MOSQUITO AND VECTOR CONTROL DISTRICT), LAFCO 2901 (INLAND EMPIRE WEST RESOURCE CONSERVATION DISTRICT), AND LAFCO 2907 (CENTRAL VALLEY FIRE PROTECTION DISTRICT)**

Executive Officer James Roddy presents the staff report providing a status report on service/sphere of influence reviews for the West Valley Mosquito and Vector Control District, the Inland Empire West Resource Conservation District and the Central Valley Fire Protection District. A copy of the staff report is on file in the LAFCO office and is made a part of the record by its reference herein. Notice of this item was advertised through publication in The Sun, a newspaper of general circulation; and individual notification was provided to affected and interested agencies and County departments.

Mr. Roddy states that last year, between July and the end of the year, the Commission completed service reviews/sphere of influence studies for all agencies in the West Valley, with the exception of three. He discusses the progress of completing the reviews for those three agencies. First, he discusses the Central Valley Fire Protection District, stating that the District is part of the County Fire Department and overlays the City of Fontana and other unincorporated areas in the mid-valley area. He reports that the County is in the process of undertaking a County-wide review of fire protection services and long-range funding options that might be available. He says the review of this agency should be deferred and conducted after the County has completed its study.

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Mr. Roddy discusses the West Valley Mosquito & Vector Control District, reporting that the District overlays most of the City of Ontario, all of the Cities of Chino and Chino Hills, and portions of the Chino and Montclair spheres and also provides service by contract to the City of Ontario, in the areas where the District does not overlay, and the Cities of Rancho Cucamonga and Upland. He says the District staff is in discussions with various city staffs to determine whether their councils might support annexation to the District, which would eliminate the need for the contracts and allow the District to levy a per parcel assessment. Mr. Roddy says those discussions are on-going and says he suggested to the District that the question of annexation be resolved before the Commission conducts the service review and sphere study.

Mr. Roddy discusses the Inland Empire West Resource Conservation District (RCD), which he says is an agency capable of enacting memoranda of understanding with what was formerly known as the U.S. Soil Conservation Service, to assist agricultural and rural interests in soil and erosion control and related ideas. He says the Commission is aware of the well-publicized allegations regarding the District's practices related to inappropriate expenditure of public funds, mismanagement, and inattention to detail by the board of directors. He says staff wants to couple the review of this District with the reviews of the East Valley RCD and the Riverside-Corona RCD, to consider whether any of the Districts' functions could be consolidated. He states that no action is required by the Commission today.

Commissioner Biane says he understands that the East Valley RCD has taken on a different type of role for habitat protection in the East Valley. He discusses that possibly the Inland Empire West RCD could be moving into habitat resource conservation, as opposed to their agricultural function which is still their mission, but will be changing. He questions whether keeping the Districts separate is still something worth looking at. Mr. Roddy responds that it is worth looking at, saying that if there are conflicting purposes and roles, then the Commission should be apprised of that. He says if there is no benefit or advantage to a consolidation, or if the Districts have conflicting roles, that will surface through the staff's review and the Commission will be apprised of that.

Commissioner Colven asks whether each of the RCDs is governed by a board. Mr. Roddy responds that each District is an independent special district, and each has a board. He explains that board members are appointed by the Board of Supervisors in lieu of an election, noting that an election would exhaust the Districts' budgets.

**INITIATION OF SERVICE REVIEWS AND SPHERE OF INFLUENCE UPDATES FOR ALL EAST VALLEY LOCAL AGENCIES (AREA IDENTIFIED AS BEING FROM THE CITY OF RIALTO EASTERLY TO THE COMMUNITY OF OAK GLEN) - APPROVE STAFF RECOMMENDATION**

LAFCO conducts a public hearing to consider initiation of service reviews and sphere of influence updates for all East Valley local agencies. Notice of this hearing was advertised as required by law through publication in The Sun, a newspaper of general circulation; and individual notification was provided to affected and interested agencies and County departments.

Executive Officer James Roddy presents the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by its reference herein. Mr. Roddy reports that staff will probably begin in the Rialto area and move west to east. He points out that there will be situations where one agency may have information available before another agency, so there may be some "hop scotching", depending on the ability of the staffs to provide information. He says he is not aware of any significant sphere changes to be proposed, except for a possible shift between Yucaipa and Redlands. He says some residents in the Mill Creek area expressed a preference to join Yucaipa's sphere and says Commissioner Hansberger suggested looking at that area since the sphere line was established before the incorporation of Yucaipa. He points out that Oak Glen has a strong community identity and wants to remain independent, as does the community of Devore.



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Mr. Roddy says staff will be hosting a meeting to explain what the service reviews/sphere studies are all about. He says staff will meet with agency staffs and will continue to promote a participative approach, inviting comments from affected and overlying agencies. Mr. Roddy says the staff recommendation is that the Commission: (1) initiate the service reviews and sphere of influence updates for all cities and special districts located in the East Valley area; and (2) direct staff to schedule these service reviews and sphere updates for public hearing as they are completed.

Chairman Smith opens the hearing asks whether there is anyone wishing to speak on this item. There is no one and he closes the hearing.

Commissioner Postmus moves approval of staff recommendation, seconded by Commissioner Pearson. Chairman Smith calls for any objections to the motion. There being none, the voice vote on the motion is as follows: Ayes: Bagley, Biane, Colven, Pearson, Postmus, Smith, Williams. Noes: None. Abstain: None. Absent: None.

**PENDING LEGISLATION**

Executive Officer James Roddy presents a staff report providing a narrative description of the 2001-2002 items of legislative interest to CALAFCO and LAFCOs throughout the state. He reports that there were no substantive changes to LAFCO law and says that changes to the Williamson Act and other provisions will be discussed when proposals affected by those changes are presented to the Commission. He says that there is a new law revising the formula for LAFCO funding, but notes that the independent special districts have adopted their own alternative formula. He says staff will report the progress of LAFCO legislative proposals to be submitted this year, and he discusses two items to be introduced, both sponsored by the League of Cities. First he says legislation is being considered which will allow the extension of water and sewer services outside a city or district's boundaries, regardless of the agency's sphere of influence, if the affected agencies and LAFCO agree to the extension of services. He says a proposal is being considered which will soften the language in current law which mandates service reviews and sphere of influence updates and makes them discretionary. Mr. Roddy says he personally thinks that is a great idea and one he will promote as a member of the CALAFCO Legislative Committee, since it is consistent with the direction the Commission has taken in the past.

Commissioner Pearson comments that the Commission, back when it started doing these reviews, agreed that it actually was a good idea to do them periodically, so he says there may be some benefit to keeping them. He suggests that the wording not be made too "soft" because he says in some parts of the State, little or nothing is done, and LAFCOs in those areas may need extra prodding. He says that the Commission discussed proposed legislation related to Williamson Act issues during the hearings on the City of Hesperia Summit Valley annexation. He inquires whether the enacted legislation will have any impact on that annexation. Mr. Roddy says the legislation will have no impact on the Summit Valley annexation as it has been completed, nor will it impact the proposed City of Chino annexation of Subarea 2 because it was filed last year. He reports that the City of Chino is still conducting hearings on the General Plan Amendment and Environmental Impact Report for that project. He explains that under the new law, the Commission will need to make additional findings for proposals that include Williamson Act contract lands prior to approving a proposal.

Commissioner Colven asks about legislation related to the apportionment of the LAFCO budget and hospital districts. Mr. Roddy responds that under the new law, no hospital district will pay for more than "X" percent of the district's share. He notes that it does not provide the \$500 cap that San Bernardino County does.

(It is noted that Commissioner Postmus leaves the hearing at 10:20 a.m.)

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HEARING OF JANUARY 15, 2003**

**EXECUTIVE OFFICER'S ORAL REPORT**

Mr. Roddy reports that the next meeting, which will be February 19, will be brief. He says that on the agenda will be a status report on the West San Bernardino County Water District detachment proposal, possibly an annexation to the City of Montclair, and possibly some policy items. He notes that the March meeting will be heavier as staff gears up for the budget cycle.

Mr. Roddy welcomes Commissioner Biane.

Commissioner Sedano asks whether Mr. Roddy has heard anything about different LAFCOs meeting in Southern California. Mr. Roddy and Legal Counsel Clark Alsop indicate they are not aware of any discussions that have taken place regarding that.

Mr. Roddy announces that the CALAFCO Annual Conference will be held September 24-26 in San Francisco and that further details will be forthcoming when available.

**COMMENTS FROM THE PUBLIC**

Chairman Smith calls for comments from the public. There are none.

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, ON MOTION OF COMMISSIONER PEARSON, SECONDED BY COMMISSIONER COLVEN, THE HEARING IS ADJOURNED AT 10:25 A.M.**

**ATTEST:**

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**DEBBY CHAMBERLIN**  
Clerk to the Commission

**LOCAL AGENCY FORMATION COMMISSION**

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**GERALD W. SMITH, Chairman**